

2015 Wisconsin State Budget Overview

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The following provides a brief summary of major initiatives included in Governor Walker's 2015 Biennial State Budget that could potentially impact Wisconsin businesses. The budget was introduced in identical form as Assembly Bill 21 and Senate Bill 21. It is now in the Joint Committee on Finance, which will review and make changes to the bills over the coming months. Please feel free to contact (name at 608-XXX-XXXX or e-mail) at Michael Best Strategies regarding these or any other public policy issues.

Department of Administration

- Sports and Entertainment District
 - "Pay their Way" establishes a sports and entertainment special purpose district to oversee the construction of a new facility in downtown Milwaukee for use by the Milwaukee Bucks and for other entertainment purposes

Department of Agriculture, Trade, and Consumer Protection

- Soil & Water Resource Management Bonding Authority
 - Provide \$7 million in SEG support and general obligation bonds for grants to counties for implementation of land and water resource management plans.

Building Commission

- Building Trust Fund Transfer
 - Transferring \$3 million in FY2016 from the unencumbered balanced of the DOA capitol planning and building consternation service appropriation to the building trust fund to provide upfront funding for planning service costs incurred prior to construction of a state building project.

Department of Corrections

- Adult institution Repair and Maintenance
 - Providing funding for water system treatment at four adult Institution
- Opioid Addiction Treatment Pilot Program
 - Funding to create an opioid addiction treatment program for eligible offenders with an opioid addiction-?related conviction
- Global Positioning System Tracking Supplement
 - Increasing funding for global positioning system tracking of certain sex offenders and violators of temporary restraining orders and injunctions

Department of Natural Resources (DNR)

- Private On-Site Wastewater Treatment Programs
 - Transferring all regulatory authority to the review of private wastewater treatment systems to the DNR
 - Depositing revenue generated from fees into the environmental management account
- Environmental Bonding
 - Increases in environmental bonding authority: \$7 million for nonpoint source pollution abatement; \$5 million for urban nonpoint source cost-sharing; \$5 million for contaminated sediment removal
- Dam Repair and Removal Bonding
 - Providing \$4 million in GPR-supported general obligation bonds for grants to be used for dam repair, reconstruction, and removal projects
- Stewardship Bonding
 - Reallocating \$14 million of existing Stewardship acquisition bonding authority for property development requests and to renovate fish hatchery facilities
 - Prohibiting purchases from the Stewardship subprogram for land acquisition until the ration between total amount expended from that program and debt service reaches a ratio of 8:1.
- Continuation of Walleye Initiative
 - Eliminating one time funding for private fish farms

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- Maintaining funding for purchase of walleyes from private fish farms
 - State Park User Fee Modifications
 - Increasing fees by \$2 per night
 - Vehicle entrance fee raised by \$3 per year
 - Parks and Forestry Support
 - Eliminating GPR support for state parks and river way roads
 - Eliminating payments to local government for removal of road kill deer
 - Parks Master Lease Program
 - One time funding for master lease payments related to mobile computers of park staff
 - Forestry Reform
 - Eliminating department approval of cutting notices for mandatory cutting practices
 - Allow cooperating foresters to complete the natural heritage review process required before timber sales
 - Moving the headquarters from Madison to a location in northern Wisconsin
 - Forestry Master Lease Program
 - One time funding for payments relating to the purchase of ruggedized computers for forestry law enforcement
 - Wetland Database Enhancements
 - One time funding for expanding document storage
 - Grants and Aids Revisions
 - Reducing expenditure authority and eliminating various capacity grants
 - Provide only catastrophic storm grants and expanding eligibility to urban projects to replace insect damaged trees
 - Fire suppression and river protection grants
 - Ballast Water Fees
 - Eliminating December 31st, 2015 sunset on payments of ballast water fees
 - Environmental Management Account Funding Changes

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- Adjusting funding to ensure a positive balance
 - Decreased funding for recycling grants
 - Eliminating all grants to the UW system
 - Lapsing 2 million each year from the annual appropriations funded from the environmental management account of the environmental fund
 - Non point Account Funding Changes
 - Reducing funding for watershed non-point source contracts
 - Transferring \$1 million in each year from the agricultural cleanup fund to the non-point account of the environmental fund.
 - Petroleum Environmental Cleanup Fund Award Program Changes
 - No new site shall be deemed eligible after February 3rd 2015 and costs incurred after June 30, 2017 are ineligible for reimbursement

Department of Transportation

- State Highway Facilities
 - Funding for the southeast megaprojects program over the biennium.
 - I-94 North/South would be delayed for one year, and I-94 East/West would be enumerated.
 - Provide \$836 million in funding for major highway projects programs over the biennium.
 - Provide \$1.6 million in total funding for the state highway rehabilitation program
- Best Value Pilot
 - Funding to hire consultants to implement an alternative bidding method known as construction manager/general contractor on three pilot highway projects.
- State Lift Bridge Funding
 - Funding in each year for operating aids for state-owned bridges that are maintained by local governments.

Wisconsin Economic Development Corporation (WEDC)

- Consolidate WEDC and Wisconsin Housing Economic Development Authority (WHEDA) into

Forward Wisconsin Development Authority

- Business Tax Credit Reform
 - Consolidating the jobs tax credit and the economic tax credit into a single refundable tax credit called the business development tax credit
- Angel and Early Stage Seed Investment Credit Reforms
 - Combine the allocation of pools of the credits into a single \$30 million pool
 - Increase the maximum threshold for tax credit to qualify as businesses venture from \$8 million to \$12 million
 - Giving the corporation authority to charge a 5% administrative fee for credit transfers
- Historic Rehabilitation Tax Credit Reforms
 - Limited annual awards to \$10 million.
- Enterprise Zone Jobs Credit Allocation
 - Increasing the cap from 20 zones to 30 zones.
- Qualified New Business Venture Credit Technical Modifications
 - Providing the ability of a corporation in calculating payroll, headquarters and employment factors in determining a qualified new business venture certification if such a waiver is approved according to standards for such exception adopted by the corporation's board. The governor further recommends providing a grandfather exception to the credit provisions for businesses that had executed a convertible note that relies on the certification as a qualified new business venture prior to April 20, 2012 in order to avoid retroactively applying dislocations.

Department of Workforce Development

- Drug Testing and Treatment of Unemployment Insurance Benefit Recipients
 - Implementing new drug screening testing and treatment mechanisms to assist and increase employability of individuals receiving benefits.
- Expansion of Wisconsin Fast Forward

Department of Children and Families

- Drug Testing for certain employee programs.

Department of Revenue

- Property Assessment Reform
 - Transition from current system to county wide system. All property will be assessed at 100 percent of fair market value by 2017 assessment year.
- Statewide Debt Collection Expansion
 - Additional expenditure and position authority for statewide debt collection.
- Distribution Facility Operators
 - Owner/Operator of a distribution center is exempt from sales and use tax liability related to sales made on behalf of third party sender.
- Manufacturing and Agriculture Credit Technical Modifications
 - Ensuring that manufacturing firms may claim the credit in the year in which they commence operation in Wisconsin or relocate to Wisconsin and clarifying what expenditures are deducted
- Sales and Use Tax Nexus
 - Modifying definition of “retailer engaged in business to the state” to strengthen the state’s ability to collect sales and use taxes from out-of-state businesses that have transactions in the state.

Employee Trust Fund

- Employee Incentive to Opt Out of State Health Insurance Program
 - \$2,000 annual incentive for employees who opt out of the state health insurance program.

Department of Health Services

- Family Care Reform
 - Require all counties to participate in the program
- Drug Testing and Treatment for Food Share Employment and Training Participants
 - Screening of FoodShare Employment and Training participants
- Pharmacy and Nonemergency Medical Transportation Benefit Reforms

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- Moving pharmacy and transportation benefits into provider contracts
 - Medicaid Reimbursement for Immunizations at Pharmacies
 - Reimbursing qualified pharmacists who immunize children aged 6 to 18 enrolled in Medicaid program for immunizations administered at a pharmacy
 - Dental Services Pilot Project
 - Expanding access to pediatric and adult emergency dental services by creating Medicaid pilot program in Brown, Polk, and Racine counties
 - Elimination of the Physician Assessment
 - Reducing costs of practicing medicine by eliminating the physician assessment
 - SeniorCare Reform
 - Modifications to SeniorCare in order to ensure coherent alignment with Medicare Part D.

Department of Public Instruction

- School Accountability
 - Implementation of new school and district accountability measures and increasing funding for assessments and assessment analysis necessary for the accountability system.
- Career and Technical Education Incentive Grants
 - Transferring the career and tech education incentive grant program to the Department of Workforce Development. School district will remain eligible to apply for grants.

Wisconsin Technical College System

- Eliminate Educational Approval Board
 - Effective no later than January 16, 2016. Transferring the authorization of private trade, correspondence, business and technical school and the preservation of student records to the Department of Financial Institutions and Professional Standards. Transferring consumer protection authority related to proprietary schools to the Department of Agriculture, Trade and Consumer Protection.
- Statewide Course Tuition Freeze for High-Need Areas
 - Freezing program fees for courses and programs in high-need areas for all tech college districts. Board work with the Department of Workforce Development to

identify the courses and programs in high-demand areas to be reviewed on an annual basis.

- Authorize Tech College Districts to Jointly Self-Insure
 - College districts may jointly self-insure and provide health care benefits for offices and employees. The provision also would allow for the technical college districts to provide stop-loss coverage for officers and employees on a self-insured basis.

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